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Report on overseas property management and construction projects in progress

Report of the Secretary-General

Summary

Pursuant to section I of General Assembly resolution 63/263 in which the Assembly endorsed the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/63/465), progress reports are to be submitted annually to the General Assembly for all ongoing construction projects.

Section II of the present report provides an update on the progress made in enhancing the role of Headquarters in coordinating and supporting overseas property management and construction projects. Sections III and IV provide updates on the current status of the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa and at the United Nations Office at Nairobi. The latest cost plans for construction are included as annexes I and II to the present report.

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Contents

		Page
I.	Introduction	3
II.	Management of United Nations overseas properties	3
	A. Inter-Agency Network of Facilities Managers, and the annual conference of facilities managers of offices away from Headquarters	3
	B. Strategic capital review	4
	C. Funding mechanism for long-term maintenance requirements	5
	D. Support of ongoing overseas construction projects	6
	E. Construction project guidelines for overseas properties	7
	F. Expanded capacity of the Overseas Property Management Unit	7
	G. Conclusion	8
III.	Progress in the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa	8
	A. Host country agreement addendum for duty-free and tax-free status	8
	B. Site works to be executed according to the host country agreement	8
	C. Procurement	9
	D. Project management	10
	E. Car parking and landscaping	10
	F. Information and communications technology equipment and backup generators	11
	G. Project schedule	11
	H. Cost estimates	11
IV.	Progress in the construction of additional office facilities at the United Nations Office at Nairobi	12
	A. Construction progress	12
	B. Project schedule	12
	C. Cost estimates	12
V.	Actions to be taken by the General Assembly	14
Annexes		
I.	Latest cost plan for the construction of additional office facilities at the Economic Commission for Africa	15
II.	Latest cost plan for the construction of additional office facilities at the United Nations Office at Nairobi	16

I. Introduction

1. Section II of the present report provides an update on the progress made in enhancing the coordinating and supporting role of Headquarters in overseas property management and construction projects. It delineates the enhanced role assumed by the Overseas Property Management Unit, part of the Office of Central Support Services, Department of Management, at Headquarters, in providing support to offices away from Headquarters in the management of existing construction projects, and in the development of a 20-year strategic capital review of overseas facilities.

2. Section III relates to the progress on the construction of additional office facilities at the Economic Commission for Africa (ECA) in Addis Ababa. By its resolution 56/270, the General Assembly approved the construction of additional office facilities at ECA in Addis Ababa. Subsequently, in section VII of its resolution 60/248, the Assembly endorsed the expansion of the scope of the project to include the construction of two additional floors. In section IX of its resolution 62/238, the Assembly took note of the report of the Secretary-General (A/62/487) and endorsed the related recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/62/7/Add.11) for a total revised cost estimate of $14,333,100.

3. Section IV provides information on the current status and the expected completion timeline of the construction of additional office facilities at the United Nations Office at Nairobi. It is recalled that by its resolution 63/263, the General Assembly approved the revised cost estimates of $25,252,200 for the construction of additional office facilities at the United Nations Office at Nairobi.

II. Management of United Nations overseas properties

4. Since the issuance of the report of the Secretary-General on overseas property management (A/64/6 (Sect. 28D)/Add.1), at the sixty-fourth session of the General Assembly, and the approval by the General Assembly of the additional dedicated resources requested in the context of the proposed programme budget for the biennium 2010-2011, the Office of Central Support Services, Department of Management, has assumed additional responsibilities relating to facilities management at offices away from Headquarters and overseas construction projects.

A. Inter-Agency Network of Facilities Managers, and the annual conference of facilities managers of offices away from Headquarters

5. The Office of Central Support Services continues to support the Inter-Agency Network of Facilities Managers of the United Nations Secretariat, funds, programmes, and agencies through the established mechanism of annual conferences and the maintenance of its website. Additionally, the Office formally introduced in 2010 an annual conference for facilities managers of offices away from Headquarters of the United Nations Secretariat, to focus on critical facilities management concerns related to the overseas properties at these locations. The conference took place on 2 March 2010, one day prior to the conference of the Inter-Agency Network of Facilities Managers, at the United Nations Office at Nairobi. It

focused on the 20-year strategic capital review of overseas properties, and deliberated on funding methodologies for long-term maintenance and necessary capital improvements with a view to preventing the deterioration of United Nations facilities in a timely fashion in order to avoid large and costly future major maintenance requirements as demonstrated by the capital master plan.

B. Strategic capital review

6. As noted in the previous report of the Secretary-General on overseas property management (ibid., para. 17), the early identification of near-term critical needs and long-term projected renovation, rehabilitation or new construction requirements will allow the Office of Central Support Services at Headquarters to identify specific requirements of offices away from Headquarters, and to provide increased support to each office. To that end, and in order to ensure adequate support for duty stations, the planning of a strategic capital review of facilities at all offices away from Headquarters was undertaken during the past year to establish an Organization-wide perspective on the needs and priorities, in relation to major maintenance of existing facilities and the development of new facilities. The Office of Central Support Services at Headquarters launched the initial phase of the review in May 2009. In July 2009, the planning template with guidelines was distributed to offices away from Headquarters to gather initial information. That information formed the foundation of the 20-year strategic capital review, which would include evaluating existing facilities, identifying expected immediate and/or critically needed renovation and rehabilitation requirements arising from the deterioration of building exteriors, building systems, infrastructure and interior spaces, and identifying potential new construction requirements.

7. Following the initial gathering of information, the Office of Central Support Services held regular conference calls and video teleconferences with all offices away from Headquarters to assemble information on projected requirements for major maintenance, alteration and new construction projects that would be identified specifically as part of the established biennial budgeting process for future bienniums. These sessions took place over several months from July 2009 through February 2010, but consistently, the information provided had missing elements to conclusively and accurately forecast the future facilities maintenance and new construction requirements at each duty station. Despite repeated efforts on the part of the Overseas Property Management Unit and the sharing and review of the data collected at the first annual conference of facilities managers at offices away from Headquarters, it was clear that the initial process of information-gathering, though a good effort, would need outside professional guidance and support to provide the missing elements to most accurately forecast, over the next 20-year period, the future global facilities maintenance and new construction requirements.

8. As noted in the previous report of the Secretary-General (ibid., para. 19), the strategic capital review was also envisaged to allow for an assessment of the resources that would be required at Headquarters and offices away from Headquarters in order to develop and establish a long-term strategic capital plan for all premises over the next 20 years, and to assess when project-related resources will be required, to professionally manage future capital projects. It was agreed by the attendees at the conference held in March 2010 that for the strategic capital

review to be an effective ongoing working tool, as recommended by the Advisory Committee on Administrative and Budgetary Questions in its report (A/64/7/Add.11) and as endorsed by the General Assembly in its resolution 64/243, specific additional financial resources will be needed to technically support the efforts of the Overseas Property Management Unit of the Office of Central Support Services to conduct this high-level review. To that end, the Overseas Property Management Unit is developing a scope of services for a consultant to establish a framework and methodology for conducting the strategic capital review in all offices away from Headquarters to ensure consistent and valid data collection. The overall objective of the consultancy services would be as follows:

(a) To review existing documents provided by the offices away from Headquarters, and to establish common criteria for the assessment by each office away from Headquarters of the existing physical conditions at each location;

(b) To support the effective functionality and core operations of the organization, by maintaining facilities that meet industry and United Nations standards in relation to health and safety, security, environment, energy efficiency, accessibility, and to retain the long-term capital value of the facilities;

(c) To assess the existing and projected functional goals of the organization, including possible growth, and to align these goals with the possible need for new building construction or major maintenance of existing facilities;

(d) To develop a common strategy and clear hierarchy of organizational objectives and criteria for establishing project prioritization, taking into consideration items such as compliance with health and safety, security and energy performance;

(e) To establish a global programme for "capital improvements" over the next 20 years, and to identify a method for proposed project phasing, which will be aligned with budget cycles and funding availability to achieve a more homogenous distribution of maintenance workloads and funding requirements over the next 20 years.

C. Funding mechanism for long-term maintenance requirements

9. The lessons learned with regard to the capital master plan have clearly demonstrated the need for developing an alternative long-term funding methodology to cover the costs of facilities maintenance. It was agreed at the conclusion of the above-mentioned conference that the Office of Central Support Services should coordinate with other offices of the Secretariat to determine a funding mechanism that would best support a long-term maintenance programme for all United Nations Secretariat facilities.

10. The Office of Central Support Services is currently holding consultations with the aim of developing such a funding methodology. The concept of a funding mechanism was discussed at the Inter-Agency Network of Facilities Managers conference in March 2010. Additionally, it was suggested that, an on-call service contract be established at each office away from Headquarters, whereby local professional technical services can be enlisted to review project programmes, construction costs and resource needs to aid in assessing overall costs and schedules.

D. Support of ongoing overseas construction projects

11. The Office of Central Support Services continues to be actively and successfully involved in supporting the local project teams in the implementation of the construction of new office facilities at ECA in Addis Ababa, and the United Nations Office at Nairobi, by participating in the construction vendor selection process and ensuring that the contracted amounts were in line with the approved budgets and schedules. The Office continues to monitor the construction progress on both projects carefully at the working level on a weekly basis and at the senior management level on a monthly basis. The day-to-day management responsibility of the construction of each project lies with the respective head of administration at each overseas duty station. The Secretary-General is pleased to report that the new office facilities project at the United Nations Office at Nairobi is on schedule and due to be completed by December 2010, and the new office facilities project at ECA started construction in May 2010 and is scheduled to be completed in February 2012.

12. Additionally, since the last report of the Secretary-General, the Office is providing guidance and advice to overseas duty stations on a growing number of projects. These include the strategic heritage plan at the United Nations Office at Geneva, the proposed new common premises at the Economic and Social Commission for Western Asia (ESCWA),[1] and the recovery and rehabilitation of the premises at the Economic Commission for Latin America and the Caribbean (ECLAC) following the earthquake in February 2010.

13. The Office of Central Support Services has actively participated in many aspects of the pre-planning stage related to the strategic heritage plan at the United Nations Office at Geneva, in order to expedite the engagement of a vendor to develop a high-level architectural and engineering conceptual study with financial implications and anticipated project duration so as to effectively report to the General Assembly at its resumed sixty-fifth session. The Office has dedicated Headquarters resources to review the procurement documents prior to issuance and provided two members for the technical evaluation committee. The vendor was notified of its selection on 16 July 2010 and the contract was signed on 9 August 2010.

14. To support the construction of the proposed new common premises at ESCWA in Beirut, the Office of Central Support Services has assembled a Headquarters working group comprising the relevant departments at the Headquarters to review the development of the programmatic requirements to meet the United Nations operational standards. Those departments include the Office of Central Support Services, the Department of Safety and Security, the Office of Information and Communications Technology, the Office of Legal Affairs, the Department for General Assembly and Conference Management and the Office of Programme Planning, Budget and Accounts. Videoconferences have been held with representatives from these departments and from ESCWA to assist with the review of the programme and project scope and to identify the necessary resources that will be required for the project duration.

[1] Work has continued between the United Nations and the Government of Lebanon to formulate a comprehensive project for the replacement of the current facilities. A report will be submitted separately for the consideration of the General Assembly.

15. The Office of Central Support Services, in collaboration with the Office of Programme Planning, Budget and Accounts, has provided support to the recovery operations at ECLAC following the earthquake in Santiago in February 2010. The Office reviewed insurance information and held teleconferences with the local facilities management team, and has provided advice as necessary on how to administer the ongoing rehabilitation process.

E. Construction project guidelines for overseas properties

16. In order to ensure consistency in the implementation of construction and maintenance projects for overseas properties, the Office of Central Support Services will develop guidelines for construction projects to assist offices away from Headquarters in developing a comprehensive scheme of administrative, technical and project management when they undertake such major projects. The guidelines will complement the outcome of the strategic capital review. The guidelines will also ensure that best practices are followed in administering the design and technical procedures for facilities management, focusing on major maintenance, renovations and new construction projects.

17. The guidelines will address all aspects of project implementation from project initiation, pre-planning, planning, and design, through execution and close-out. They will address programming, costing, scheduling, standards of space allocation, design criteria, safety and security, sustainability practices, parking policies, and so forth.

18. The Office is in the process of establishing a committee composed of all relevant components of the Secretariat, such as the Office of Information and Communications Technology, the Department of Safety and Security, the Office of Programme Planning, Budget and Accounts, the Department for General Assembly and Conference Management, and the Office of Legal Affairs. The committee will be integral in gathering and standardizing the criteria to be followed in the planning and execution of all major maintenance, renovation and new construction projects, based on United Nations regulations and rules and industry standard policies and procedures.

F. Expanded capacity of the Overseas Property Management Unit

19. Following the approval by the General Assembly of the resources requested in the previous report of the Secretary-General (A/64/6 (Sect. 28D)/Add.1), the capacity in the Overseas Property Management Unit has expanded. This has strengthened its ability to support the ongoing projects as detailed above. However, the volume of project coordination and responsibilities has increased considerably in the current biennium. The Overseas Property Management Unit currently provides support to the construction projects at ECA and the United Nations Office at Nairobi, both of which have now moved from their planning and design stage to construction stage, the strategic heritage plan at the United Nations Office at Geneva, the proposed new common premises at ESCWA,[1] the earthquake rehabilitation at ECLAC, and the in-depth development of the strategic capital review and the facilities management guidelines.

G. Conclusion

20. The Office of Central Support Services will continue to be responsible for providing guidance on procedures and policy to offices away from Headquarters. In order to most effectively manage the growing demands of the overseas facilities projects, conduct the strategic capital review, and develop procedures and guidelines to ensure efficient planning and management of United Nations-owned properties in the future, additional resources will need to be considered. Offices away from Headquarters will continue to be locally accountable and responsible for construction project execution and management. Headquarters will continue to manage the Inter-Agency Network of Facilities Managers and its annual meeting, and the annual conference of facilities managers of offices away from Headquarters, with the aim of further improving the exchange of information and coordination so that lessons are learned and experiences drawn.

III. Progress in the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

A. Host country agreement addendum for duty-free and tax-free status

21. In his previous report on the progress of the construction of additional office facilities at the Economic Commission for Africa (A/64/486), the Secretary-General informed the General Assembly that the addendum to the host country agreement gives ECA rights to the duty-free and tax-free import of services and materials and other related privileges that allow the efficient and cost-effective implementation of the project. The Economic Commission for Africa successfully finalized negotiations with the host country to implement its value added tax (VAT)-free status in respect of local purchase of goods and services for the project, through a special voucher system. The operational procedure of the voucher system has been agreed upon with the government department concerned and the VAT vouchers have been issued for this purpose.

B. Site works to be executed according to the host country agreement

22. The Economic Commission for Africa continues to collaborate with local authorities on the removal of a storm drain system which crosses the ECA compound in a north-south direction. Senior officials of the Addis Ababa city administration visited the site to make a first-hand assessment of the problem. As a result, the Government has agreed to divert the storm drains and has begun work to resolve the situation. The eventual solution will benefit not only ECA, but also the area at large affected by the existing storm water. The city administration expects the work to take an estimated eight weeks to complete. However, owing to the location of the works in the centre of the city, the administration advised that unforeseen circumstances could cause unexpected delays.

23. In view of the recent heavy downpours, and anticipation of more rainfalls in coming months, the construction of the diversion line becomes all the more critical to continue the construction of the new office facilities building and to prevent flooding of the excavated area. To avoid this situation, ECA plans to provide a

solution within its compound to direct the water away from the building location by installing concrete pipes in order not to adversely affect the project schedule.

C. Procurement

24. The latest construction tender document was finalized by ECA and the Office of Central Support Services and subsequently issued on 4 September 2009. A pre-bid conference took place on 24 September 2009 at ECA and was attended by representatives of 12 competing companies. Clarification on issues raised was further communicated to all bidders on 7 October 2009. Four companies responded to the procurement exercise and submitted offers by the closing date of 30 October 2009.

25. Through technical evaluation and commercial negotiations, it became apparent that a decision needed to be taken regarding two components, namely, the three elevators and the seventh floor, as the inclusion of these two elements would exceed the project cost budget of $7,488,600, as approved by the General Assembly. During the final negotiations, a decision was made to exclude the three elevators and the seventh floor from the contract scope. That decision resulted in both meeting the approved budget while still maintaining the project directives to accommodate the programme requirements.

26. The local architectural firm, using its knowledge of the project and local conditions, assisted in the value engineering and negotiations, expedited design amendments, and prepared the final technical part of the contract documents. The negotiations concluded in March 2010.

27. The contract was signed on 1 April 2010 with the selected contractor. The contractor completed the mobilization phase at the end of April and the actual construction started on 1 May. As per the contract, the project is scheduled to be completed by February 2012. The official ground-breaking ceremony was held on 21 June with representatives from ECA, United Nations system agencies, members of the diplomatic community and officials of the Government of Ethiopia. The Prime Minister of Ethiopia laid the foundation stone.

28. As regards the elevators component which was removed from the contract scope, ECA will separately cover the cost of supplying, installing, and commissioning of the elevators from non-project resources. Concerning the seventh floor, while it was excluded from the contract, it has been agreed with the contractor that should the need arise and funding be identified, the construction of the seventh floor can be pursued. Recently, a number of United Nations entities expressed strong interest in relocating into the new office facilities, as demands continue to rise for office space owing to the increased activities and operations by these entities. In order to alleviate this situation, the Economic Commission for Africa has held discussion with these entities on the possibility of constructing the seventh floor. Several entities expressed interest in providing funding, through advance rental payment, in order to enable the construction of the seventh floor to proceed. Discussions are currently under way for the funding entities to obtain relevant approvals through their governance mechanisms. Once agreed, this arrangement will ensure that the United Nations achieve economy and efficiencies in construction, as the current architectural work and design of the new office facilities already provides for a seven-storied construction.

D. Project management

29. The Executive Secretary of the Economic Commission for Africa oversees the project and approves major decisions, and acts as the liaison with the Government of Ethiopia. The Director of the Division of Administration at ECA assists the Executive Secretary in the overall management of the project, including administrative and financial issues. The Compound Advisory Committee, which has been broadened to include representatives from all major agencies of the United Nations system based in Addis Ababa, provides advice on the project, including decisions on progress and eventual space allocation. The Office of Central Support Services at Headquarters continues to provide the necessary coordination, support, and guidance on technical issues.

30. Day-to-day project management, administration and oversight are performed by a project manager, who was engaged in February 2010, supported by a technical supervisor. The remaining technical and administrative personnel are currently under recruitment. Further, the local architectural consultant team will provide consultancy services for construction supervision, testing and commissioning, as well as during the warranty period phases. In addition, the Facilities Management Section at ECA will continue to provide technical expertise throughout the construction period. To strengthen internal controls, consultancy services of an independent technical adviser, reporting to the Director of Administration, will be engaged on a short-term basis to independently review and report on construction quality, quantity and progress.

31. The administrative and coordination arrangements between the Office of Central Support Services and ECA define the roles and responsibilities of the various stakeholders for the project. Procedures have been laid out for the initiation and approval of change orders, project reporting, budgetary and financial management and audits.

E. Car parking and landscaping

32. As outlined in the report of the Secretary-General (A/62/487) and endorsed by the General Assembly in resolution 62/238, supplemental parking and landscaping work was approved to be incorporated into the office construction project for $660,000 to accommodate approximately 660 parking spaces. The terms of reference for the solicitation of a qualified architect to provide a design for the parking, landscaping and other site works is in progress. Based on the experience gained with the recent office facilities construction tender, there is a likelihood that the approved funding might not be adequate for the envisaged parking facilities scope. Should this happen, the scope will be revised, unless alternative funding can be identified from other sources.

33. In accordance with the recommendation of the Advisory Committee on Administrative and Budgetary Questions, as contained in paragraph 9 of its report (A/62/7/Add.11), in 2007, ECA reviewed the possibility of implementing a parking fee policy to be effective January 2008. The policy was being finalized when it was halted owing to emerging security concerns which required the closure of the car-parking space located under the United Nations Conference Centre building in December 2008.

F. Information and communications technology equipment and backup generators

34. The installation of information and communications technology equipment and the backup generators are expected to commence in the middle of 2011. The implementation will be included in the next progress report.

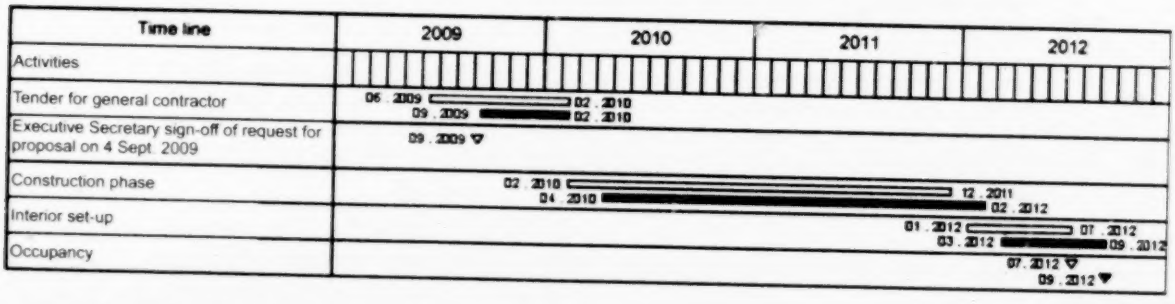
G. Project schedule

35. The revised project schedule based on the signed contract is shown in table 1 below. The construction phase commenced two months later than anticipated in the previous report. This was due to the longer time required for negotiation with the contractor to agree on the two main issues described in paragraph 25 above.

36. The construction is scheduled for completion in February 2012, which will be followed by interior set-up of approximately six months. The cost of the interior set-up will be funded by the occupants and depends on their individual requirements.

Table 1

Revised project schedule for the additional office facilities at the Economic Commission for Africa



37. The new office facility should be completed within the specified time frame if the required amount of cement is consistently provided to the contractor. The importation of cement in the country is currently regulated by the host Government. The recent limited available cement on the market could being to jeopardize the scheduled completion of the project. Discussions are currently ongoing with the host Government with the aim of finding a timely resolution to the matter.

H. Cost estimates

38. As mentioned in paragraph 25 above, measures were taken during the contract *negotiation* process to bring the project cost within budget. A reasonable construction contingency of approximately 10 per cent has been retained, which would provide against future cost overruns owing to external factors. A detailed breakdown of the latest cost estimate is provided in annex I to the present report.

IV. Progress in the construction of additional office facilities at the United Nations Office at Nairobi

A. Construction progress

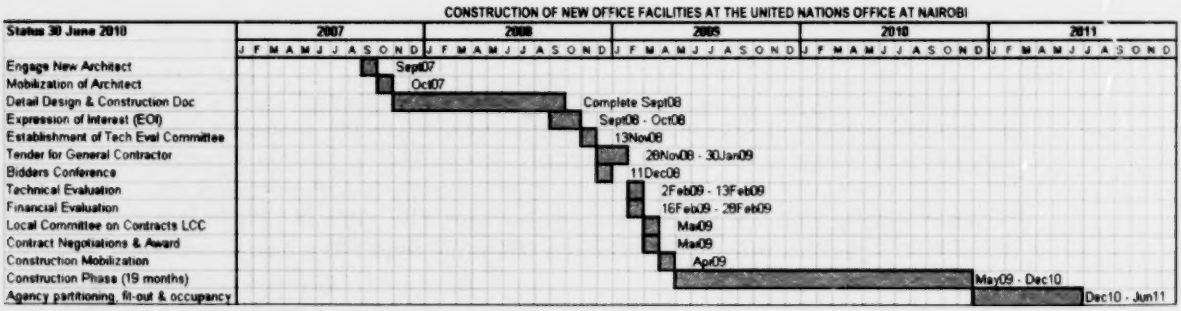
39. A contract was signed on 3 April 2009. Following four weeks of mobilization, the construction commenced on 4 May 2009. According to the contract, the construction is scheduled to be substantially completed by 3 December 2010, indicating a construction period of nineteen months.

40. The construction progress to date has been positive. By the end of June 2010, up to 75 per cent completion has been achieved, including delivery of the construction materials on site. Progress is staggered across the four blocks (Blocks 1-4), with Block 4 being the most advanced. This rate of progress will allow for internal partitioning to be started as early as September 2010 in Block 4, followed by Block 3 in October 2010 and Block 2 in November 2010. Partitioning in the final block, Block 1, will commence in December 2010. As per the original schedule, partitioning was to commence in early 2011, with occupation from January to June 2011. The current rate of progress should allow for internal partitioning to be completed by early 2011, which would facilitate earlier occupancy of the building.

B. Project schedule

41. The project schedule is shown in table 2. As of June 2010, the construction is on schedule for completion by the end of 2010, with the partition component slightly ahead of schedule. Agency interior office fit-outs are scheduled for completion in the first half of 2011, with full occupancy of the new office facility expected by mid-2011.

Table 2
Project schedule for construction of additional office facilities at the United Nations Office at Nairobi


CONSTRUCTION OF NEW OFFICE FACILITIES AT THE UNITED NATIONS OFFICE AT NAIROBI
Status 30 June 2010
2007
2008
2009
2010
2011
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
Engage New Architect
Mobilization of Architect
Detail Design & Construction Doc
Expression of Interest (EOI)
Establishment of Tech Eval Committee
Tender for General Contractor
Bidders Conference
Technical Evaluation
Financial Evaluation
Local Committee on Contracts LCC
Contract Negotiations & Award
Construction Mobilization
Construction Phase (19 months)
Agency partitioning, fit-out & occupancy
Sept07
Oct07
Complete Sept08
Sept08 - Oct08
13Nov08
26Nov08 - 30Jan09
11Dec08
2Feb09 - 13Feb09
16Feb09 - 28Feb09
Mar09
Mar09
Apr09
May09 - Dec10
Dec10 - Jun11

C. Cost estimates

42. The latest project cost estimates are summarized in table 3 below. A detailed breakdown with cash flow requirements for 2010, 2011 and 2012 is provided in annex II.

Table 3
Project cost estimates for the construction of new office facilities at the United Nations Office at Nairobi
(In United States dollars)

Costs	*Estimates in first report (A/62/794) (a)*	*Estimates in previous report (A/64/486) (b)*	*Current estimates (c)*	*Change compared to previous report (c)-(b)*
1. Construction cost	18 700 000	18 931 493	19 980 000	1 048 507
2. Architects' fees	1 977 000	1 976 792	1 976 792	—
3. Project supervision and management	1 423 000	1 423 363	1 423 363	—
4. Other costs				
4.1 Borrowing costs (interests incurred on loan from UNEP[a])	163 000	163 045	163 045	—
4.2 Security requirements	1 119 200	1 119 200	56 647	(1 062 553)
4.3 Contingency	1 870 000	1 638 307	1 652 353	14 046
Total project cost estimate	**25 252 200**	**25 252 200**	**25 252 200**	—

[a] A loan agreement was signed in 2002 by the United Nations Secretariat with United Nations Environmental Programme (UNEP). The terms of the loan included an interest rate of 6 per cent per annum based on the prevailing investment market rate at that time. In 2002, the United Nations accepted the advance of $1,416,800 from UNEP. Owing to delays with the project implementation during the years 2003-2005, the loan was fully repaid in 2006, including the principle in the amount of $1,416,800 and interest in the amount of $163,045.

43. As shown in table 3 above, the total cost of the project remains at $25,252,200 as approved by the General Assembly in 2008. However, the breakdown of the total costs has altered as a result of the changes that occurred during the progress of the construction phase. The areas of change are as follows:

(a) **Construction costs**. Since the payments to the contractor are made in Kenyan shillings, owing to the fluctuations in exchange rates, it is now estimated that at the completion of the project, the total construction costs will amount to $19,980,000. This is an increase of $1,048,507 as compared to the cost estimates presented in the previous report of the Secretary-General (A/64/486), in 2009;

(b) **Security requirements**. It is recalled that as part of the original project funding approved by the General Assembly in 2008, an amount of $1,119,200 was included for the provision of security coverage during the construction phase. However, during actual construction, the United Nations Office at Nairobi has been able to utilize existing vacancies to accommodate most of the security needs. As a result, only $56,647 has been spent. Consequently, it is anticipated that an amount of $1,062,553 will remain unutilized at the end of the project;

(c) **Contingencies**. While the project is approaching its completion in 2011, the contingency provision has remained at approximately $1.6 million, the same level as was presented in the previous report of the Secretary-General, in 2009. This is a solid level of provision, especially considering the advance stage of the construction. The minor increase in the amount of $14,046, as compared to the

estimates presented in the previous report of the Secretary-General, reflects the net result of the underexpenditures for security offset by the increased requirements in construction costs.

44. While the total costs of the projects remain as approved, the cash flow funding requirements in 2010 has been increased by $2 million, owing to the acceleration of payments in line with the acceleration in project progress. Since the project is funded solely from rental income, the accumulation of rental in 2010 will not keep pace with the accelerated payments in 2010. Consequently, it is expected there will be a cash flow gap in 2010 in an amount of $2,017,062, as reflected in the table in annex II.

45. Currently there is an unearmarked cumulative surplus of $2,254,845 under the construction-in-progress account, which resulted from both savings of previous construction projects and interest income accrued over the years. In order not to impede the progress of the new office facilities project in Nairobi and to avoid incurring additional costs, this amount will temporarily be utilized to meet the additional $2 million funding requirements in 2010. This is a cash flow mechanism, as the cumulative surplus will be fully replenished once the new rental income from the United Nations Office at Nairobi, expected to be in the amount of $4.6 million, is received in mid-2011.

V. Actions to be taken by the General Assembly

46. **The General Assembly is requested to take note of the report.**

Annex I

Latest cost plan for the construction of additional office facilities at the Economic Commission for Africa

(In United States dollars)

			Projected expenditure			
	nditure as at ember 2009	*Expenditure January-June 2010*	*July-December 2010*	*2011*	*2012*	*Total*
Approved in resolution 56/270 and endorsed in resolution 60/248						
Construction costs	9 050	150 661	1 186 647	5 681 820	432 618	**7 460 796**
Design, consultancy services and project coordination						
Site works	1 362 810	—	65 530	127 568	25 310	**1 581 218**
Workstations and furniture	29 273	—	100 000	1 000 000	24 027	**1 153 300**
Contingencies	—	—	30 000	70 000	162 800	**262 800**
Approved in the programme budget for the biennium 2008-2009						
Installation of information technology and telephone equipment	—	—	—	1 000 000	100 000	**1 100 000**
Endorsed in resolution 62/238						
Safety and security	—	—				**759 800**
Internal access roads	—	—	15 000	15 000	100 000	**130 000**
Parking and landscaping	—	—	30 000	30 000	600 000	**660 000**
Generators and generator house	—	—	20 000	100 000	180 000	**300 000**
Total	**1 401 133**	**150 661**	**1 577 177**	**8 624 388**	**1 819 941**	**14 333 100**

Annex II

Latest cost plan for the construction of additional office facilities at the United Nations Office at Nairobi

(In United States dollars)

			Projected expenditures			
	Expenditure as at 31 December 2009	*Expenditure January-June 2010*	*July-December 2010*	*2011*	*2012*	*Total*
Income						
Balance brought forward	—	7 823 038	3 016 133	(2 017 062)	1 919 352	—
Rental income	14 939 127	3 553 072	—	4 600 000	6 009 000	29 101 199
Interest income	1 469 000	115 300	34 700	—	—	1 619 000
Total income	**16 408 127**	**11 491 410**	**3 050 833**	**2 582 938**	**7 928 352**	**41 461 659**
Disbursements						
Construction costs	6 172 450	7 788 308	4 711 242	378 000	930 000	19 980 000
Architects' fees	1 376 792	450 000	—	150 000	—	1 976 792
Previous architect's fees	476 792	—	—	—	—	476 792
New architect's fees	900 000	450 000	—	150 000	—	1 500 000
Project supervision and management	816 155	236 969	356 653	13 586	—	1 423 363
UNON project management costs	816 155	224 969	278 815	13 586	—	1 333 525
UNON travel	—	—	32 000	—	—	32 000
OCSS travel	—	12 000	45 838	—	—	57 838
Other costs	219 692	—	—	122 000	1 530 353	1 872 045
Borrowing costs (interests incurred on loan from UNEP)	163 045	—	—	—	—	163 045
Security requirements	56 647	—	—	—	—	56 647
Contingencies	—	—	—	122 000	1 530 353	1 652 353
Total disbursements	**8 585 089**	**8 475 277**	**5 067 895**	**663 586**	**2 460 353**	**25 252 200**
Balance to carry forward	7 823 038	3 016 133	(2 017 062)	1 919 352	5 467 999	—

Note:
UNON: United Nations Office at Nairobi.
OCSS: Office of Central Support Services.